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AUTOMOTIVE MARKETING

The Marketing/Business Magazine For The Retail Aftermarket

AUGUST 1989

Discover Tomorrow At The APAA Show, Chicago, August 28–31

There Are New Consumer Segments: Will These Consumers Shop In Your Store?

New Car Dealers & Warranties: How They Impact The Aftermarket

Repair Specialists: Will Their Popularity Grow?

Avoiding The Comeback Box

A Look At Consumers In Grainbelt Central

Chilton's
AUTOMOTIVE MARKETING

a Chilton publication

August Issue Volume 18, Number 9

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ONE OF THE ABC PUBLISHING COMPANIES,
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AUTOMOTIVE MARKETING - ISSN 0193-3264. Published 13 times a year by Chilton Co., Chilton Way, Radnor, PA 19089. Chilton Co. is a division of American Broadcasting Companies Inc., New York, NY. Subscription prices (payable in advance) in the United States and U.S. possessions, $36 a year; Canada, $70 a year; Foreign, $70 a year. Single copies $3.50 each ($50 for the 13th issue) when available, U.S. only. SECOND CLASS postage paid at Wayne, PA 19087 and additional mailing offices. Postmaster, send Form 3579 to AUTOMOTIVE MARKETING, POB 2075, Radnor, PA 19089.

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PUBLISHER'S NOTES

THE COMPETITION

This issue of Automotive Marketing is devoted to looking at competition. Part of our editorial philosophy is to inform you, our readers, about what the other guys are doing. None of us does business in a vacuum; it's only by keeping our heads out of the sand that we can stay on top of our game.

To that end, Senior News & Features Editor John Wirebach writes about how new car dealers will fare in the battle for service and parts sales market share. Will they take parts sales away from your store? Read his story to find out.

In the same vein, Contributing Editor Edward L. Kaufman analyzes service specialists. How these aggressive merchandisers position themselves will affect your bottom line.

But competition is more than other merchandisers. We compete for the attention—and dollars—of our customers. For a look at what we are up against as consumer habits—and interests—change, see Research Editor P.R.N. Katcher's piece on customer segments.

It seems appropriate to look at competition against the backdrop of the APAA Show. While this Chicago gathering brings us all together to share product news and industry education, it's also an arena of competition.

To that end, we preview the Show. We begin with booth activities, go on to Show highlights, and end with Show products. ■

Sarah J. Frankson
Group Publisher

DETAILING THE MARKET

IN-STORE FOCUS

HI-LO AUTO SUPPLY COMPANIES INC.
Headquarters: 8601 Tavenor, Houston, TX 77075
(713) 991-6062
Stores: 76
Total Corp. Sales: $92,000,000 (est.)
Average SKUs: 26,000
Founded: 1956

This successful chain has undergone some major changes. A Texas institution for decades, it was purchased in late 1987 by Saratoga Partners Ltd., an investment partnership managed by Dillon Read & Co., a New York investment banking firm. At that time, T. Michael Young, a Houston resident, joined the firm as president and CEO. He and other management personnel have an ownership position in the company; several former shareholders of Hi-LO have also retained interest.

Although some Southwestern businesses in similar markets have succumbed to financial problems, Hi-LO has retained its Texas flavor and flourished, even during Houston's economic slump.

The chain operates ten stores in Louisiana, and 48 in the greater Houston area. The remaining stores are in south and central Texas. There are expansion plans for Houston and central Texas. "Houston is turning around economically," Young said. "We're making strong plans to expand in that area."

All of the chain's 76 stores have been built by the company, all feature the chain's yellow and black color scheme, and most are freestanding. In recent months, the company has leased some large grocery stores as new locations. These will be remodeled as part of a massive remodeling program started four years ago to "modernize and create consistency," senior vice president/marketing and advertising Dirk Hoyt said.

Charles Fischer, T. Michael Young, Dirk Hoyt

"This was started when AutoZone came into the Houston and Louisiana market," Hoyt said. "We've remodeled 42 stores to date; we're planning on four or six remodels a year. All the worst stores are now done; the rest aren't in such bad shape."

Management has eschewed a race track format for its stores, opting, instead, for a "Pep Boys type of look," Hoyt said.

There are two basic formats for the Hi-LO stores. One has the parts counter in back, the other places it toward the front, off to the side. In each case, wide central aisles guide the customers toward "the popular commodity items," Hoyt said.

Also, the firm's warehouse has also been remodeled, modernized, and expanded from 180,000 sq. ft. to 200,000 sq. ft.

Some 60-65% of the chain's business is in hard parts. "On a dollar basis, about 70% of our profits are in hard parts," explained Young.

"We have a strong hard parts orientation. But we've now dedicated a lot more footage to the retail, hands-on, self-service type of merchandise. Our average retail area used to be 1,500 sq. ft. Now we have over 3,500 sq. ft. To better accommodate all of our customers, we've expanded our accessory/chemical product line to 30%, for instance," Hoyt said.

Still, the chain's reputation rests on its impressive hard parts inventory. There are 25,000-plus part numbers available per store, including a strong selection of import parts. "Our market area is 25-35% import by registration," Charles Fiseher, senior vice president purchasing. "We match that in our hard parts selection."

Although "there is a very strong direction to the way we approach the market," according to Fiseher, store managers can place their own orders based on their sales and their own judgement.

All the stores are linked to the central office by the computerized POS system, of course. "All stores have a standard inventory, but they can modify it to their sales volume and their individual market," Hoyt said.

Store managers report to one of four regional managers, who in turn report to Young. Young attributes the success of the chain in part to the managers, who are able to ferret out trends in their own market areas, and stock accordingly.

Citing the fact that average sales per Hi-LO store are $1,[illegible]00,000, Young said, "We try to do it all, and we *do* do it all. We're unique in that we're a traditional jobber, and yet we do everything that the DIY retailers do as well," Hoyt said.

According to Young, "A recent independent research survey of our area gives 23% of the retail parts sales market to Hi-LO. The survey, conducted independently in our area, said 67% of the respondents do some kind of work on their cars. Out of these 67%, 23% made Hi-LO their place of purchase." Young is proud of Hi-LO's niche in the marketplace, and attributes it to "our large inventory and parts. But," he continued, "Our number one strength is our very technically oriented sales people. We are able to attract and hire people who are very interested in cars."

Hi-LO has an aggressive advertising campaign. It's primarily print – the firm dispenses eight circulars a year in all markets, reaching over 2,500,000 households. There are also 25 newspaper ads per year.

But the part of the campaign that's "generated the most notice by the most diverse group," according to Hoyt, is Hi-LO's billboards. Large yellow signs with eye-catching black lettering, these billboards "don't even account for5% of our advertising budget," confided Hoyt, but they attract a great deal of interest in Houston, which is a commuter town."

Each billboard features a catchy phrase. In 1988, they included: "Bras, belts & hose," "Le Parts for Le Sabre," and "We're Wheel Smart." For 1098, Houston commuters will see "Parts Genius," "Counter Intelligence," and "Road Scholars."

Hi-LO faces formidable competition: Western Auto, AutoZone and Chief Auto Parts, to name a few. But management feels confident that it can beat that competition and remain strong in the marketplace.

DETAIL

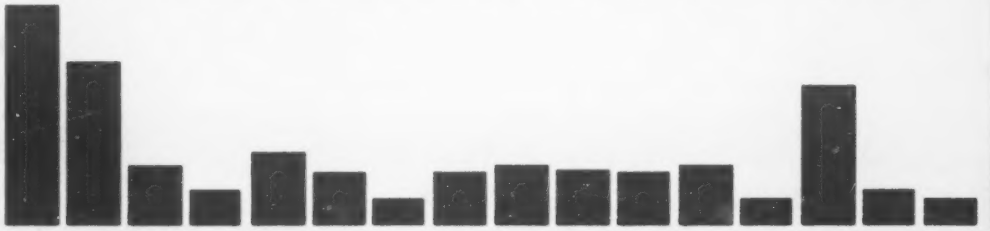
53%

of specialty equipment consumers in 1988 were less than 30 years old, according to the 1989 Specialty Equipment Market Association (SEMA) Market Study.

PROFILE: MOTOR OIL DIYers

Drawing from the 1989 *Automotive Marketing Consumer Automotive Repair Study*, we look at DIYers who purchased and installed motor oil during the year prior to the study.

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	73.5%	26.5%	15.4%	32.8%	22.5%	12.2%	17.1%	26.9%	24.8%	16.6%	26.9%	11.8%	63.1%	15.2%	9.8%



chains are interested and six additional chains are examining the plan and may well join before the August meeting in Chicago.

Although the group's initial emphasis will be on group buying power, Percy stressed that RPM is interested in a total marketing package.

"We will be into advertising, merchandising, and pricing help. There's even the possibility down the line of a private label," he said. However, there will be no central billing or shipping to a central warehouse. "Manufacturers have to ship to each member, bill each member, and credit them for co-op."

Product Lines Targeted

At the Charlotte meeting, the retailers identified the product lines they want to include. "There's quite a bit of overlap among the members," Percy said. "But in some areas there's no compatibility. They feel about half a dozen are important: accessories, chemicals, chassis parts, exhaust, shocks, and ignition. So I've got my first marching orders. They've identified lines, but not manufacturers. Before the end of August, I'll put together potential buying targets.

"But, don't forget, the members have to say they will accept, say X and Y, in a line. The by-laws say 80% of the membership has to agree to support that manufacturer's line. Now, in some other line, it could be a different 80%. But it has to be 80% of the group, not just four or five companies. So when I go to the manufacturer, the group has pre-approved the manufacturer, and I go in with some substance behind me. Now I represent about 200 stores and sales of $150 million. And maybe more," Percy stated.

"Sure, price will be a key. But price apart, we're interested in whatever constitutes a total program. Who has the best quality? Is he a prime manufacturer? How does he cover warranties? Fill rates? Shipping? We're digging into the soul of manufacturers. How well can the manufacturer perform for a group of this size? What kind of national advertising is there? Does the line have brand recognition? What kind of co-op funds can he offer?"

So Percy expects to be busy for the next few months. He's hunting office space, prospecting for more members, putting together a list of manufacturers. "The rumor mill is already starting to operate. I've received calls from several manufacturers and rep firms. It's going to be very interesting."

It certainly will be interesting. This is a story that *Automotive Marketing* hopes to stay very close to as RPM becomes an active force in the market. Stay tuned for further details. ■

QUICK LUBE MARKET

Jiffy Troubles Trickle Down To Lube Market

While the quick lube industry as a whole continues to grow. As best we can determine, quick lubes sell about 20-25% of the professionally-installed oil market now, up from less than 5% in the early 1980s. But the largest quick lube operation is in financial trouble. And the trouble at Jiffy Lube, Baltimore, MD, seems to be trickling down to other quick lube operations.

"What a difference a year makes," said an executive at one of the large quick lube operations, who preferred to be unnamed. "Last year at this time, everybody in the industry was gung-ho on opening new stores. This year, the industry is in a state of confusion. Nobody wants to talk about it on the record, but there's wide-spread concern about what's going on. With the problems at Jiffy Lube, we've all taken a step back to see what's going on."

The Problems At Jiffy Lube

Jiffy Lube's problems began to show upwith a *Wall Street Journal* article last September that claimed Jiffy had lent franchisees $49 million to pay their bills to Jiffy Lube. The article called Jiffy "A house of cards." Jiffy stock took a nosedive. Founder Jim Hindman quickly denied the *Journal* report, saying the loans amounted to only $35 million. He conceded there were some problems, particularly with Jiffy's largest franchisor Lone Star Lubrication, but he said risks were necessary to reach the critical 1,000 stores mark.

However, in February, Jiffy announced third quarter (October to December 1988) fiscal 1988 losses of $38.5 million (and a one time special charge of $39 million used mainly to buy back and write down 81 franchises.) In April, Pennzoil, which has always been a close financial friend of Jiffy Lube, provided $18 million in cash, debt forgiveness, and other aid.

Then, just about the time we sent this issue to press, Jiffy Lube announced it expected to post a fourth quarter (January to March 1989) fiscal 1988 loss of about $32 million. "Losses of $5 million or $6 million would have been no surprise," the unnamed quick lube executive said. "But $70 million (over two quarters) is simply unbelievable."

We called Jiffy Lube vice president and chief financial officer Ed Kelley. Kelley told us he blamed the losses on "too fast growth. We're engaged in an ongoing effort to get the operation stable. We have to become market-oriented rather than growth-oriented. No more financing. Maybe only 70 new stores a year. We're looking for franchisers with the wherewithall to open without financing. This company can not be in that mode any more. It's run its gamut. It's time to circle the wagons and limit growth with good operating procedures."

Sales Are Strong

Kelley stressed that Jiffy Lube's sales were in excellent shape. Kelley expects system-wide Jiffy Lube sales to total close to $380 million for 1988, which, if our arithmetic is correct, works out to some 15 million oil changes at $25 each. For a

A QUICK LUBE PROFILE

A readership survey by the *National Oil And Lube News* paints a good profile of the average quick lube outlet.

How long in business? 4.53 years (oldest 12 years)
Average number of bays? 2.54 (largest had four)
Price of basic oil change/lube? $19.98 (from a low of $14.95 to $24.45)
Average ticket total? $23.52
How many cars per day? 43.5 (low was 12, high was 90)
Advertising used? Newspapers, 77%; Coupons, 77%; Radio, 52%; TV, 30%.
Busiest day of week? Saturday, followed by Friday
Busiest month? July, followed by August and January
Open Sundays? 12%
Average employee pay? $4.68/hour
How long open until you made a profit?: 11 months

Source: *National Oil And Lube News*, Lubbock, TX

company that started with seven stores in Salt Lake City in 1980, that's not too bad.

"We are the premier name—the Kleenex of the industry," Kelley said. "But there's a price to pay for that growth. We went public and rolled across the country but we underestimated the newness of the business. We sold franchisees by territories and some tried to grow too fast. There's a lesson learned here. The industry is still in its infancy. Growth must be controlled and prudent."

The Jiffy Lube tactics were based on two strategic principles: one, to be large enough to advertise nationally; and two, to be the largest national player before any of the large oil companies could make a major move. In addition to building stores through franchises, Jiffy Lube acquired as many stores as possible.

"We've been the pioneer, so we experience the good and bad first. There was a terrific spurt of acquisitions in the last three or four years to get market share. It drove prices up unrealistically and there were a lot of bad deals. Since we were the quickest to buy, we made more bad acquisitions than others. New stores do better than acquisitions. Originally we were reluctant to buy prime locations, but a quick lube demands tremendous visibility. We were the first to blaze that trail," Kelley said.

However the major problem at Jiffy remains, several weak large franchise owners who had been sold large territories and have operated outlets with poor results. "The mechanism of territory operations is not suited for good operation—owners who aren't in the stores have no feel for store operations," Kelley said.

Jiffy Lube is taking steps to cope with its financial problems, however, Kelley said.

"We'll do some re-sizing. Dividing up territories. In some markets we're going to exit the market. We've evaluated loans, accounts receivable, and real estate. We've closed some stores, a total of about 15 over the past three or four months. Competitors may buy some of our markets. There's no sense to try and fight on every front. It's not a huge process, but a few here and there. We'll re-trench and go forward. We've reduced overhead by

WHAT A DIFFERENCE A DECADE MAKES

As the 1980s began, quick lubes were a new concept. By the end of the decade, quick lubes sold about a quarter of the installed oil market. The big losers in market share were service stations, which fell from about a third of the market to about a quarter of the market.

Installed Oil Changes	1989 %	1980 %
New Car Dealers	25-30	25-30
Service Stations	20-25	35-40
Quick Lubes	20-25	0- 5
Repair Garages	5-10	5-10
Tire Stores	5-10	5-10
All Others	5-10	5-10

Source: AM estimates

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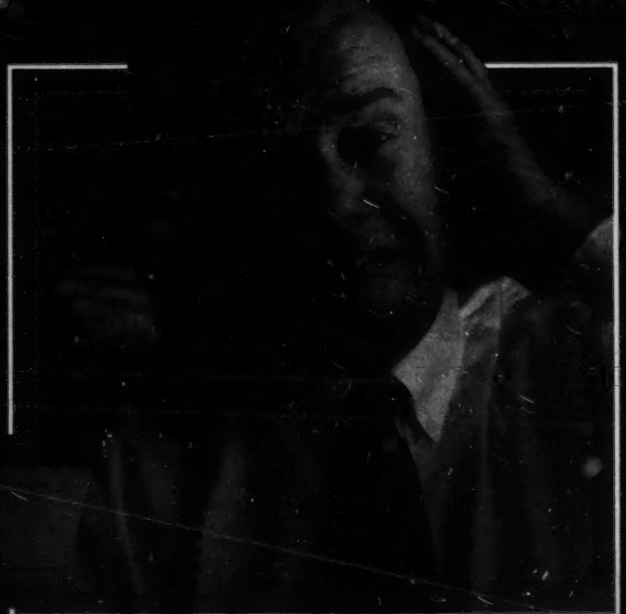

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some 35% of our work force. That was a tough move but it had to be done," Kelley said.

And what about the future? "We're not expressing any opinion on the 1989 fiscal year," Kelley said. "We'll get through the year end and take a hard look at our alternatives. Selling the company is one option that's been thrown on the table. Have buyers put money into the operation, or restructure the company, are also options. We'll get on a much more market-oriented operating basis if we get some cooperation from our vendors and debtors."

Outsiders see other possibilities. For one thing, there are any number of rumors about possible defections by larger franchisors from Jiffy Lube. Several observers and participants claim that 300-400 Jiffy franchises could either go independent or even sign up with another chain. Independence seems more likely. If nothing else, defectors could increase their margins by about 15% in savings from royalty and advertising fees. Signing up with another quick lube seems to be a possibility in just a few scattered markets. Since Jiffy Lube has the name and the national TV advertising that other quick lubes lack, little would be gained in switching sides.

What seems more likely to outsiders is a buy-out of Jiffy Lube, with Pennzoil the logical candidate. But, as our Executive X argued, "Who's going to buy it and why? Jiffy is only valuable to someone who'll get incremental business from the purchase. But Pennzoil already has long-term oil contracts with most Jiffy franchisees. So the big oil companies can't gain, and why should Pennzoil chase what they already have? They already have the oil and filter sales. What do they gain?"

A third option is bankruptcy. "And what does that do to Jiffy franchise agreements?" asked the executive. "A smart attorney could void any contract if the company can't provide the services agreed to. It could be an incredible situation. A thousand units free to choose up sides again. We could be looking at a period of incredible craziness in the next year."

But even if Jiffy Lube survives without a drastic restructuring, the executive said, the company's problems will have a trickle down effect on the quick lube market. "It's really going to trickle down to the smaller companies. Everybody has a vision of incredible growth. But who's going to lend money? The banks are going to say, 'If the biggest company in the business can't make it with Pennzoil backing, you certainly can't make it by yourself.' So the small regional guys will start to get in trouble."

The trickle down effect seem to be that all the growth in quick lube building may slow down. We talked with officials at several of the major quick lube operations about their plans.

At Valvoline Instant Oil Change, Lexington, KY, which began franchising in the Spring, president Bob Harbison said, "We're going slowly. We're not franchising for the sake of numbers. We go through a difficult screening process for franchises to be sure they're financially able. We have 213 company stores, five franchises open, and 30 sold. We may have 50 open in a year or so.

"The Jiffy Lube publicity casts a shadow on the industry, certainly in respect to franchises. It makes it more difficult to get good prospects. But we're committed to the business. We're moving ahead with company stores. The window of opportunity is a little wider now with Jiffy not moving so fast and Quaker State slowed down some. There may be a longer time

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frame to develop markets. We've backed off to 50 from our original estimates of 75-100."

At Grease Monkey, Denver, which now has 155 outlets open and sales of $30.9 million for 1988, president Art Sensinig said the company was "on target with one (new outlet) a week. But we screen better for financial qualifications now. Potential franchisees need a bigger net worth to build and buy. We've been fortunate so far to get good ones."

At Avis Lube, Garden City, NY, vice president and general manager Vince Russo said the chain had 48 open and 40 under development. "I agree, there's not too many banks lending money for franchises. I think less than 250 total stores will open in the next 12 months. That's not just us. That's the whole industry. But a lot of outlets will change hands. We hope to be at 150 in 12 months."

Jiffy Lube's Kelley said that the quick lube industry is going through a shakeout; Executive X said we might see a year of "incredible craziness." Much of it depends on what happens to Jiffy Lube. ■

ELECTRONIC RETAILING

Aftermarket Adopts Electronic Retailing

Automotive aftermarket applications of a variety of electronic retailing systems were highlighted in the seventh annual Touche Ross electronic retailing conference held in Atlanta, May 30-June 1.

"After all, we've got the same sort of inventory problems as Florsheim Shoes does," conference delegate Andy Moye, president, Parts City, Atlanta, told *Automotive Marketing*. He added that modern electronic retailing systems could help solve the parts proliferation and inventory control problems the aftermarket faces.

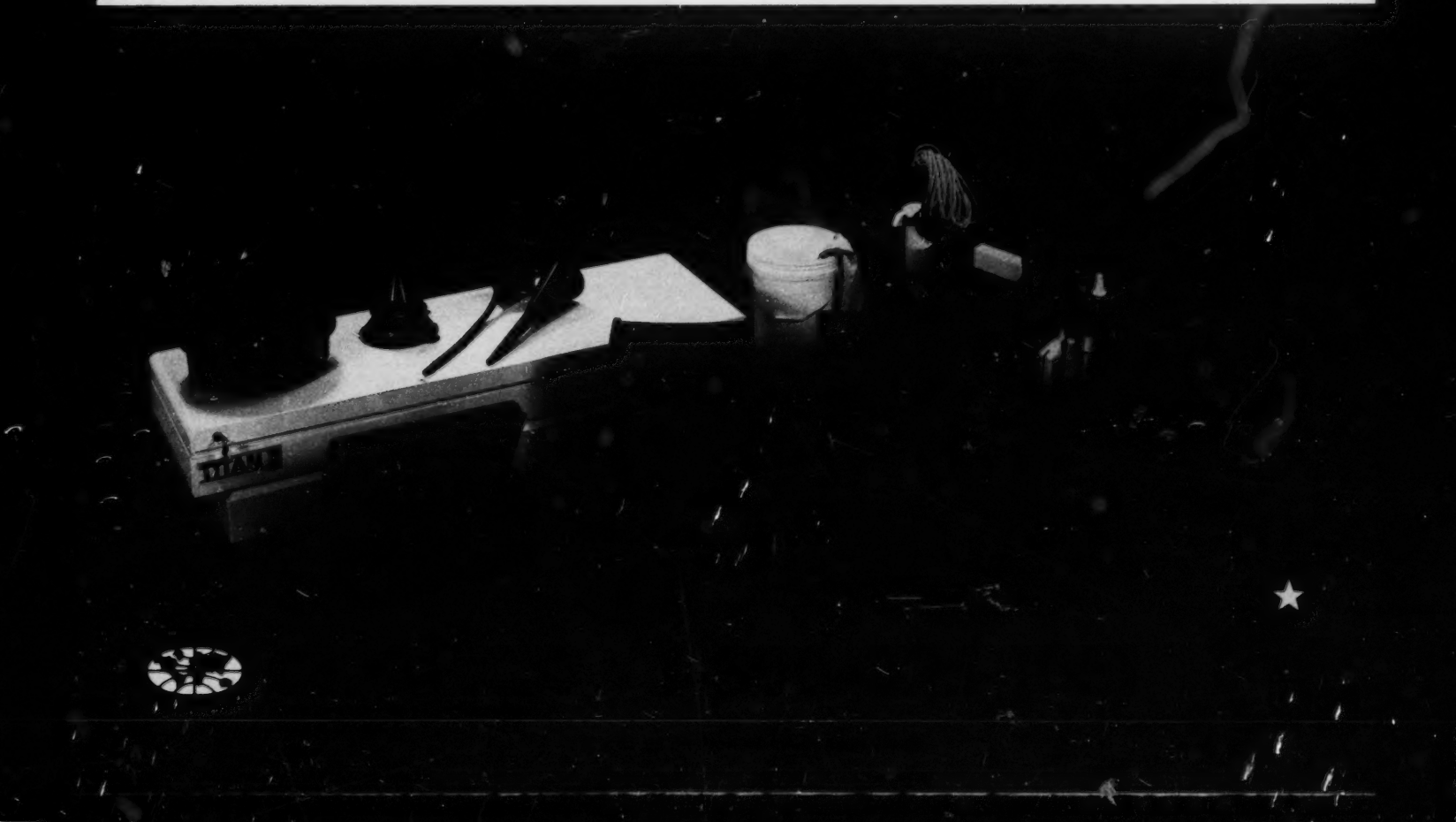
"Retailers are still struggling," Cynthia Cohen-Turk, Touche Ross, New York, told the delegates. "There's only a small percentage of growth in the retail industry." Among reasons for this, according to Cohen-Turk, is a smaller labor pool which is less well trained and more costly to retain. Hence, she said, "Everybody is looking at electronic retailing today."

One company that offered some solutions to both sales help and inventory problems at the show was By Video, Sunnyvale, CA. It showed an electronic kiosk that leads potential customers to the proper selection, and purchase, of batteries and tires. The kiosks are being made for Pace Membership Warehouse Inc., Aurora, CO, and feature A.C. Delco batteries and B.F. Goodrich tires. The kiosks also display the two manufacturers' advertisements.

Intermark Corp., New York, showed a small computer that fits on a automobile ski rack display. Again, the computer leads the potential customer to the right ski rack for his car and purpose. According to Intermark's Lili Mahlab, the ski rack manufacturer has ordered 500 of these computers initially, with more orders a possibility.

"We're also developing a display for a light manufacturer," Mahlab said, "that will fit on the manufacturer's display. It takes only six answers to its questions to tell the customer exactly what sort of lights he needs." ■

CONTICO TUFF! Automotive



For example, the warranty on a $500 repair would cost $55.

"Most repairs are covered," Boothe said. "However, there are some exclusions. We do not cover transmission/transfer case overhaul or replacement, engine overhaul or replacement, maintenance type items like wiper blades, batteries, tires, carburetors, or turbochargers. The list is spelled out for the consumer. But some of the repairs we do cover are not covered on most other warranty programs, such as friction materials in brake and clutch work, and pipes, clamps and hangers on exhaust jobs."

Any Time, Any Place

Any covered repair done at any participating dealer can be repaired at any other participating dealer's shop. "We recently had a woman who'd had a clutch repair done in Mishicot, WI, traveling in Cedar Rapids, IA, when the clutch went bad. She called us and we gave her the name of our Cedar Rapids dealer. If there were no dealers nearby, we'd have told her to go to a new car dealer or to any repair shop she feels comfortable with, and we'll refund 100% of the repair price," Boothe explained.

To become a National Warranty participating dealer costs $240 a year which pays for signage, advertising, and Yellow Page identification. To qualify, dealers must either have been in business for five years or have an ASE-certified mechanic on the staff. Dealers must also agree to do warranty repairs from other shops and buy 50% of parts from the sponsoring jobber.

"It means the dealer absolutely must take care of his customer," Boothe said. "It tells the consumer, the odds are, the job will be done right. Because the dealer knows the job will be coming back if it's not." Thus, the dealer gains a consumer's confidence and probably more of his business.

Right now, the program is running chiefly through the 1,200 Bumper to Bumper jobbers, each of whom has about five to ten dealers he wants up on the program. Boothe said that when they're finished with Bumper To Bumper, they'll go out prospecting for more. "The optimum number of locations," he joked, "is about 300,000 service centers." ■

AUTOMAKERS' MARKET SHARES

When you are ready to stock parts for the cars sold in 1988, you should plan on stocking more parts for GM vehicles than for Chryslers. GM gained a slight amount of market share of new vehicle sales from 1987 to 1988. The percentages below are sales by marketing units, thus the number for the Japanese makers include both imports and sales of vehicles made at their U.S. plants. GM, Ford, and Chrysler totals include their captive imports.

Maker	Market Share % 1988	Market Share % 1987
GM	35.6%	35.0%
Ford	24.3%	23.2%
Chrysler	14.5%	13.5%
All Japanese Carmakers	20.4%	21.9%
All European Carmakers	3.7%	4.6%
All Korean Carmakers	1.7%	1.8%

Source: Allomatic Industries, Inc., Woodside, NY

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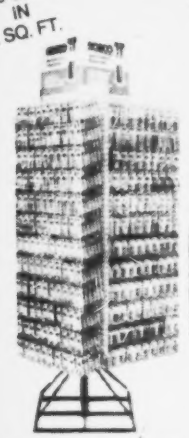

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DEALERS, WARRANTIES & THE AFTERMARKET

Can car dealers gain a bigger share of the service market? Maybe.

by John Wirebach,
Senior News & Feature Editor

In the 1990s, many industry analysts believe new car dealer service centers will play a major role in the service market. Import dealerships already dominate the imported car repair market, and the feeling is that in the 1990s, domestic dealers will grow beyond their present approximate 20% market share. There are several factors behind this reasoning.

For one, the complexity of newer cars requires highly-trained mechanics and expensive diagnostic equipment. For another, the growth of warranty sales, whether through OE car companies, independent insurance writers, dealers, or federally-mandated programs will help dealer repair business. In addition, the OE car makers now place enormous emphasis on consumer satisfaction and improved dealer service work. The increase in Mr. Goodwrench advertising by GM is only one example of OE support.

Dealer service centers also possess natural advantages. For example, a dealer usually has the best pay scale and can hire the best mechanics (although national chains sometimes offer better benefits). And, dealer mechanics have access to factory training, the latest manuals, and the most up-to-date equipment.

At the same time, the new car dealer who seeks to improve his service sales faces some daunting challenges. Consumers perceive the dealer's service center as inconvenient and high-priced. And, perhaps even more important, the new car dealer doesn't get a lot of respect; consumers just don't trust dealers. One service manager commented bitterly, "I wish my owner would let me post a sign that says, 'We positively, absolutely, will not rip you off.' "

Some Numbers

Based on National Automotive Dealers Association (NADA), McLean, VA, data, and augmented by *Automotive Marketing*, here's what the average new car dealer takes away from the independent aftermarket per year:

- $536,000 in repair work
- $273,000 in warranty work
- $309,000 in wholesale parts sales
- $65,000 in over-the-counter sales

That's a total of about $1.2 million per dealer. With all parts and service sales factored in, NADA reports that new car dealers did $43.4 billion in service and parts sales in 1988, up from $38.7 billion in 1987.

Total new car dealer sales in 1988 were $303 billion, according to the Department of Commerce. So, service accounted for about 14% of company sales. Nevertheless, NADA claims that the majority of dealers lose money on service operations. The average profit on service for all dealers is 1.9%.

While service profits are low, overall profits are almost as low. NADA figures show the average dealer's total pre-tax profits fell in 1988 to about 2.1% of sales and, so far in 1989, are running even lower at about 1.8%.

Once close to 50,000 in the 1950s, the number of dealer owners has declined steadily to 25,100 in 1979 and 16,500 in 1989. A *J.D. Power Report* recently estimated it might fall to 12,000 by the mid-1990s. With new car sales off 6% so far in 1989, the *Power Report* said 2,000 dealerships may close in the next 18 months.

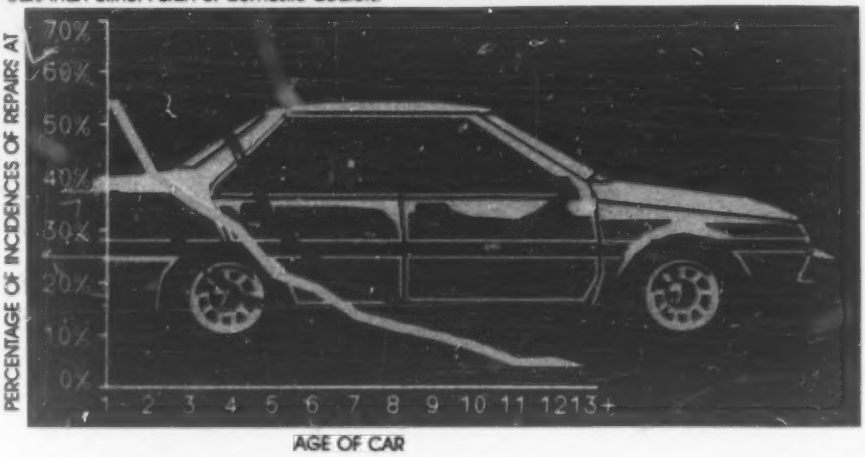
In fact, so far in 1989, two of the top three dealers on the *Auto Age* 500 top dealerships, with combined sales of $312 million, went bankrupt. It's worth noting that the two dealerships did only 3-4% of their gross sales from parts and service. The average for the Top 500 was 12.4%. So, perhaps service work is more important to profits than dealers realize.

Why They Do Poorly

The first question we might ask is why,

CAR DEALERS SHARE OF MARKET

This chart shows the percentage of consumers who went to car dealers for 42 aftermarket installations or repair services. European import dealers maintain a consistently higher market share for all ages of cars than either Asian or domestic dealers.



Source: Easton Consultants, Hopkinton, MA, using Industrial Market Research data.

DEALERS, WARRANTIES & THE AFTERMARKET

with all the inherent advantages of the dealer's service department, do dealers do so poorly? Analyst Dennis Virag of the Automotive Consulting Group, Ann Arbor, MI, feels that dealerships will do much better in service in the 1990s. Nonetheless, he said, dealers will have to make some changes first.

"Why haven't they done better before? See the dealer owner/principal. What did most of them do before running a dealership? Over 90% came from sales. They like to sell. Service is a necessary evil. They were born and raised on sales. They really don't understand the service business. And when you don't understand something, you avoid it," Virag said.

Consultant Bill Marcus, Bill Marcus Inc., Farmington Hills, MI, sees simple reasons why customers leave the dealership as soon as the warranty is up: "Convenience, quality, caring, price. Another perception, it takes too long. You bring your car in for a minor tune-up with a 1.6 hour book rate. A good mechanic can do it in 35-40 minutes. But you have to leave your car all day."

As a result, one dealer said simply, "The specialty places like Precision Tune and Jiffy Lube are cleaning our clocks."

The 1984 *Hunter Jobs Survey*, which measures repair jobs only at garages, gas stations, and car dealers, shows that dealers consistently do about 20-25% of repair jobs. However, they do poorest in high-turn, high-profit work such as brakes, shocks, and mufflers. They do better in heavy complicated engine jobs and transmission work. So, even setting aside the specialty repair shops, dealer service bays are not competitive for high-profit service work.

One benchmark for measuring the efficiency of parts and service work in dealerships is a statistic called service absorption. Consultant David Wheeler, Wheeler Management, Nashua, NH, explained, "A service absorption figure says that the total gross profit from parts and service work should cover three-quarters of the total expenses of the dealership. In other words, if the dealership is operating smartly, new and used car sales should become net profit items. How many dealerships do it? A very small minority. Maybe 5% reach that goal. And that's probably high."

Wheeler added, "Service is an afterthought to most dealers. Most dealers would be perfectly happy not to have a service department. And previously, the factories judged them mainly on their ability to sell new cars. But now the factory emphasis is on CSI (Customer Satisfaction Index). Factories have learned that good service can generate repeat business. If you don't do the job right, you always have to buy new customers with advertising. That's expensive. So a bad CSI rating can mean the end of a franchise."

Customer Satisfaction Indexes

GM began the CSI concept with 2,000 of its dealers in 1979. Since then, all the major car companies have adopted some kind of CSI rating. But in the last few years, the OE car makers have tied franchise licenses to CSI ratings.

Although CSI surveys are proprietary, the surveys are no different from any customer satisfaction survey. Sharon Dixon, president of Consumer Contact Corp., Denver, conducts a consumer satisfaction survey every six months.

On the average, about half of the new car buyers, according to Consumer Contact surveys, need some kind of warranty work in the first year. In the latest survey (March 1989), 12% had to return three times or more. About 70% said they're satisfied with the service, and about 85% said the dealer's service people are helpful. These numbers have remained constant for surveys dating back to October 1986. But on the negative side, a little under 30% of those interviewed find service delays, chiefly because parts are unavailable.

Dixon reports that a dealer she worked with moved from number 22 in the area to number three "just by finding out what wasn't going smoothly and attacking that problem."

Dixon adds, however, that the dealerships suffer on consumer surveys simply because for some reason "even those people who say they're satisfied, refuse to give the dealership the highest rating."

Warranties: Good & Bad

CSI is one way OE car makers push dealers to improve service. Another way is with warranties. Virtually all new cars are sold with a 12 month/12,000 mile warranty on all parts of the car. In recent years, the OE car makers have added extended warranties on the engine and powertrain that run as long as 7 years/70,000 miles. A factory warranty suggests that the car maker has confidence in the quality of the car, which is good advertising and good for sales. But factory warranties are all over the board, as Jim Muntz, publisher of *Warranty Dollars And Sense*, Metuchen, NJ, explained. "It seems like every year, there's a new plan. GM usually leads, Ford follows, and Chrysler does something different," he summed up.

Warranties provide a chance to service the customer, to tie him to the dealership. But servicing warranties means dealers have to invest in more training and equipment than other service outlets. "Another problem is that warranty work will displace customer work," Muntz said. "That's just coming into effect at most dealers since long-term warranties are still pretty new. Dealers are settling into long-term warranty business."

But in addition to OE factory warranties, the car makers, dealers, and private insurance firms (at least 70 exist today) all sell additional long-term warranties now. An *Auto Age* survey found that about a third of new car buyers purchase some kind of extended warranty. The average price is $473, with dealer profits at $280.

Again, this has good and bad effects on the dealership. As much as half the fee for private warranties goes directly to the dealer. Finance and insurance sales have risen from 12% to 22% of average gross sales at dealerships in recent years, chiefly because of warranty sales.

However, the dealership service department must then service the vehicle for the life of the warranty. And, too often if there's a warranty dispute about what's covered and what isn't, the dealer takes the blame, not the warranty seller.

At domestic dealers, warranty work can take half the service business. In fact, domestic OEs are satisfied with a 60/40 (customer paid to warranty work) ratio in dealerships. Although it sounds like guaranteed work for the dealer, warranty service rates are about 30-35% under the book rate for customer-paid jobs. "The factories establish their book rate with the top skilled technicians using all the bells and whistles on a brand new car," noted Marcus. "But try to get that time in a dealership on a two year-old car with the bolts rusted tight."

"Many domestic dealers have to turn away customer-pay jobs just to do warranty service," Wheeler said. "We've consulted at a lot of dealers where warranty work is 90% of the work. While domestic dealers groan about the high volume of warranty work, the ratio of warranty work at import dealers is much less. Most put it about 10% warranty to 90% customer-paid. In addition, import dealers have held a much larger percentage of import repairs. The imports have an excellent product. Their cars just don't break. However, domestic quality is im-

proving. The amount of labor going into maintaining a domestic car under warranty is half of what it was ten years ago."

Consultant Jac ("No k") Grimes, president of Plus Systems, High Point, NC, notes that the imports also "did a much better job of educating the customer. If the maintenance was not done, they could refuse to fix it. And it was a unique product without a lot of independent service bays in the beginning. Plus, the import factories realized that car sales would be slow to take off, and dealers needed a captive service market."

Along with factory and private warranties, the dealerships are also required to do federally-mandated emissions warranty work for 5 years/50,000 miles on a whole list of products. Congress may extend the period to 10 years/100,000 miles with new clean air legislation.

However, Grimes added that warranty work can be positive "for dealers who are intelligent enough to use them correctly. It's a good way of tying the customer to the dealer."

One Good Example

One Midwestern dealer, who didn't want his name to appear in a "retail book; otherwise people will see how good our program is," has been highly successful with a dealer-sponsored warranty that sells for $983-$1,683. "The average is about $1,283. We set about half of that aside to cover maintenance costs."

Dealer X said warranties need to benefit the consumer. His dealership's warranty covers virtually everything on the car except tires and batteries. For example, the customer gets ten oil changes.

"We started it for two reasons. First, we wanted to make more money. This has been a real plus for our income. And second, we wanted a way to marry the customer to our dealership. We wanted to retain customers by taking care of them. Warranties are like life insurance; you hope you never use them. If you buy a car and never have any problems, it's wasted money. But it's still nice to have the insurance. With our policy, at least the customer gets some free scheduled maintenance as a benefit."

Why aren't other dealers copying Dealer X's concept? "It's tough to get dealers to change. They're not open to change. They do a poor job of marketing their service departments. Nowadays, convenience is very important. And some dealers make getting an oil change a problem for the customer. The labor rate doesn't help. When you go in, the first thing you see is a labor rate sign. Factory warranties help a little, but the factories have to push service."

OE Changes

There are signs that the OE car makers are pushing dealership service work. For example, both Ford and GM are rolling out quick lube programs that emphasize convenience, dedicated bays, and menu prices. Ford may reach 5,500 dealers eventually, while GM will go to 7,000 Mr. Goodwrench certified dealers.

In addition, Virag said the key to repair success in the future will be in diagnosis, and GM is pushing advanced CAMS (Computerized Automotive Maintenance System) units to its dealers.

"The difference between CAMS and other units is that it's keyed to electronics. Most driveability problems in new cars are electric-related. Today's cars have very few mechanical failures. The program has been slow to develop, but now it's at the point where it may have a major impact for dealers who have it. It's able to find an electronic problem very fast and validate the repair when it's done. It should enable service departments to do it right the first time, eliminate parts changing and comebacks. Right now, about half the GM dealers have the unit and there's a lot of success stories."

Virag noted that Ford and Chrysler should be out with similar systems in 1990. The question is still open as to whether CAMS will remain a proprietary system or whether GM will release it to the aftermarket. There are about 7,900 GM cars per GM dealer service bay, however, and Virag said, "I would think over some time that they will have to release some information. There's a good question: if someone can't get their car fixed in the aftermarket, and had to go to the dealer to get it done right, would they ever buy another GM car?"

Dealer/OE Relations

But at the same time, GM has also created its Delco-Tech program for independent repair shops. The shops must use Delco parts and have GM trained mechanics to qualify. In return, they get OE certification. There are some observers who feel the Delco-Tech program is a vote of no confidence in ability of GM dealers to handle the service load in the future.

As one GM dealer said, "Sure, we're up in arms about Delco-Tech. They're going to get the gravy and we're going to get the garbage. Right now, they're not licensed to do warranty work. But no one believes that will last. It's another example of increasing corporate profits at the expense of the dealer."

Right now, dealer-factory relations are poor. NADA's new chairman Ron Tonkin, an Oregon dealer, has a list of complaints such as subsidies to rental companies, confusing warranties, inconsistent CSI ratings, and rebates to discuss with the OE factories. The move is spurred on by deteriorating dealer profit margins.

However, as Virag noted, "The manufacturer has to realize sooner or later that the dealers are its marketing arm, and they have to make a profit. If the OEs start losing dealers through financial failures, who's going to sell the cars?"

Obviously, the OEs can't allow their dealers to go out of business. But in return for supporting dealers, the OEs could use CSI ratings and proprietary equipment to lean on dealers and vastly improve dealer parts and service work. If this sort of thing happens, then the dealer's service market share could easily grow.

But if there are no commitments by dealer and OEs to improve service, then dealers will continue to stumble along, some good at service, but most fair to poor. ■

(in millions)		
Labor Sales At Dealerships	1988	1987
Customer Repair Work	$ 7,430	$ 6,448
Customer Body Work	2,844	2,622
Warranty Sales	2,546	2,809
Internal	2,343	2,236
Sublet (done by o[illegible] shops)	1,626	1,468
Other (inspections, etc.)	1,223	1,135
Total	$16,256	$16,490
Parts Sales At Dealerships		
Wholesale	$ 7,738	$ 6,821
Customer Repair Work	5,978	5,066
Warranty Work	3,942	3,373
Customer Body Work	2,762	2,577
Internal Use	2,360	2,200
Over The Counter Sales	1,407	1,466
Other	854	755
Total	$25,427	$22,918

Source: National Automotive Dealers Association

REGIONAL MARKETS: A LOOK AT GRAINBELT CENTRAL

by **P.R.N. Katcher**, Research Editor

The area we call the "Grainbelt Central" is largely covered with "amber waves of grain." The region's rich soil and changing seasons make this prime farming country. It's also good automotive DIY and service country, due in large part to the long distances most people here must drive.

Although there are some cities in Grainbelt Central, most inhabitants live on farms or in small towns. The region's generally few and small population centers can make profitable store placement difficult. This has tended to discourage some chains – although there are several strong ones here – from entering the area and has left independent stores in a strong retailing position.

The people in the stories Rose Nyland, of television's *The Golden Girls*, tells about the mythical town of St. Olaf, MN, are Scandinavian. Indeed, many northern Grainbelt Central settlers are of Scandinavian descent, an influence still felt. There is also a heavy German influence in the southern Grainbelt Central area. These are self-reliant people, the type who bake their own bread and repair their own vehicles.

Religion plays a large part in Grainbelt Central life. The area is largely mainstream Protestant, which has given the area a somber, serious approach to life. "Here in the Midwest, having a good time is considered okay provided you don't let it happen again," writes Minnesota native Garrison Keillor in his latest book, *We Are Still Married*.

This is not to say that the people are not friendly or helpful; far from it. For example, Keillor writes, "St. Paul was a place where I believed that if I knocked on the nearest door a woman would open it and when I said, 'I feel bad. Can I talk to you?' she'd say, 'Sure, come on in.' "

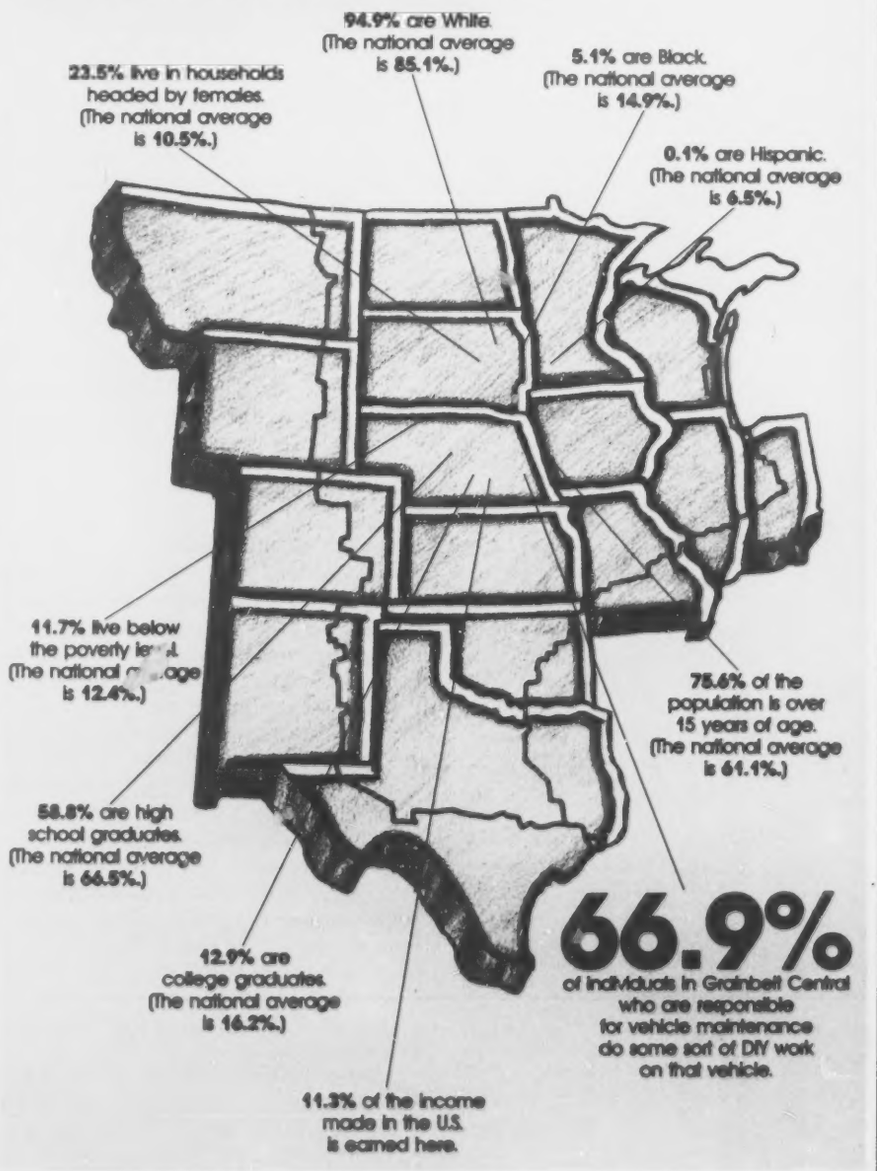
Weather's An Important Fact Of Life

The weather varies tremendously. Summers are hot, sometimes with overwhelming numbers of insects. Canadian winds bring down harsh Winters. Yet the people manage to not only survive, but thrive no matter what the weather. "There is no depression at twenty below," as Keillor notes.

Actually, this weather variation is good news for local automotive parts chains since it guarantees sales of both cold and hot weather products – batteries and chains as well as waxes and protectants.

However, automotive retailers here note that cold weather generally depresses sales in the first quarter of every year, at least in the northern portions of Grainbelt Central. ■

Of The People In Grainbelt Central:


94.9% are White. (The national average is 85.1%.)
23.5% live in households headed by females. (The national average is 10.5%.)
5.1% are Black. (The national average is 14.9%.)
0.1% are Hispanic. (The national average is 6.5%.)
11.7% live below the poverty level. (The national average is 12.4%.)
75.6% of the population is over 15 years of age. (The national average is 61.1%.)
58.8% are high school graduates. (The national average is 66.5%.)
12.9% are college graduates. (The national average is 16.2%.)
66.9% of individuals in Grainbelt Central who are responsible for vehicle maintenance do some sort of DIY work on that vehicle.
11.3% of the income made in the U.S. is earned here.

In all, 66.9% – the highest percentage of any our marketing areas – of those who live in Grainbelt Central and are responsible for taking care of a motor vehicle do some of maintenance work themselves. Another 6.5% aren't actually responsible for maintaining a vehicle, yet also do-it-themselves.

Some 6.3% of the Grainbelt Central DIYers we talked with shop for automotive parts, chemicals, and accessories about once a month. Another 5.5% shop twice a year, obviously for seasonal maintenance efforts, while 5.6% shop four times a year.

On the whole, Grainbelt Central DIYers have maintained the same automotive DIY work level, or even increased the level of work they do, over the past five years. In all, 83.7% of them told us this is the case. Over 22.6% of them expect the amount of automotive DIY work they do to increase in the future, as well.

When asked why they have increased

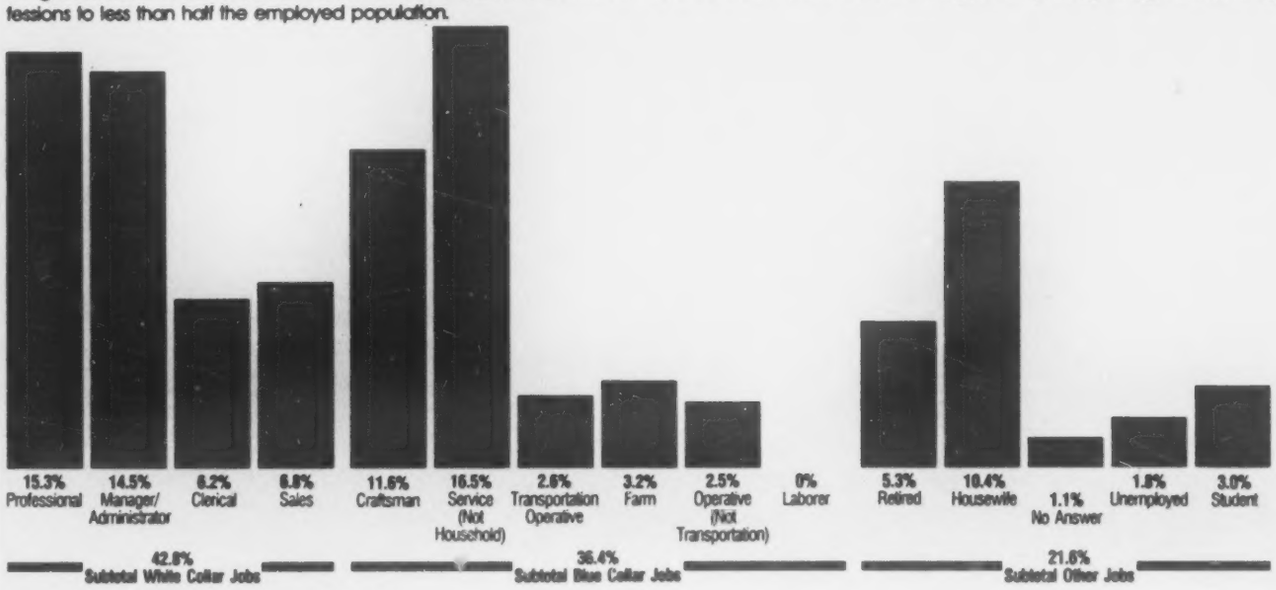
GRAINBELT CENTRAL: GENDER

More women own vehicles, but more men do-it-themselves.

Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

GRAINBELT CENTRAL: DIYERS & THEIR PROFESSIONS

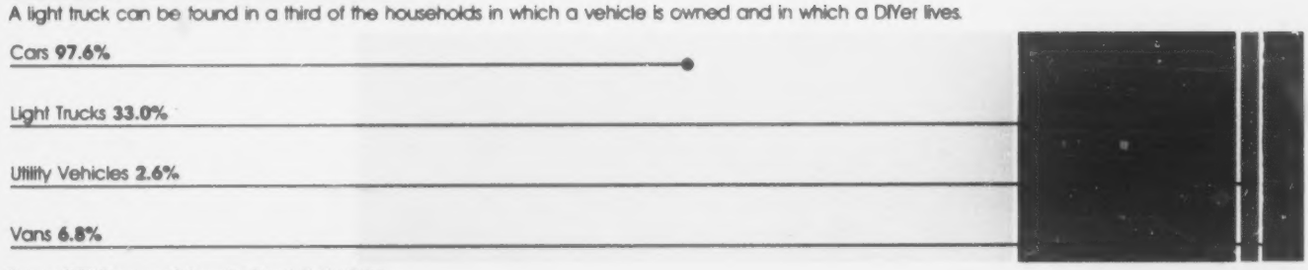
A higher number of farmers, students, service workers, and housewives in the area than in other areas has helped keep the growing white collar professions to less than half the employed population.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

GRAINBELT CENTRAL: DIYER VEHICLE TYPES

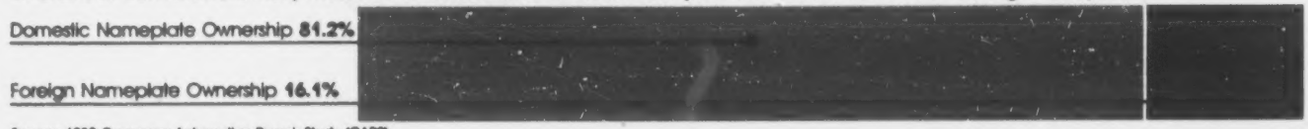
A light truck can be found in a third of the households in which a vehicle is owned and in which a DIYer lives.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

GRAINBELT CENTRAL: DIYERS & THE VEHICLES THEY OWN

Of Grainbelt Central DIYers, many more own a vehicle with a domestic nameplate than own a vehicle with a foreign nameplate.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

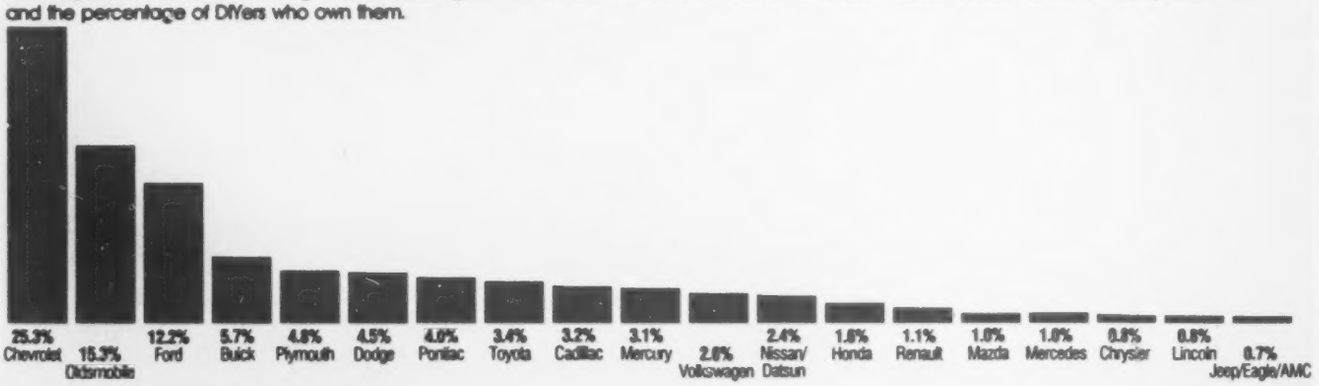
their work, 28.6% said it was because they had less money to spend on professional repairs. Another 20.6% cited increased confidence in their DIY skills as the reason for increasing DIY. According to our *Consumer Automotive Repair Study (CARS)*, 33.7% of all DIYers nationally gave this last reason for their increased DIY work.

DIYers increasing their work had other reasons for so doing, too. Of Grainbelt Central DIYers, 19.8% said they increased their DIY level because they enjoy it. Some 17.3% said they enjoy doing automotive DIY work a lot and 35.6% enjoy it "somewhat." The rest enjoy it "not too much" (34.6%) or "not at all" (12.6%).

What do they think they can do? The answer is not as much as the aftermarket retail industry would like. In all, 51.4% said they could do only "some" DIY jobs, while only 21.2% said they could do "almost no" automotive DIY jobs. Otherwise, 26.3% said they could do "most jobs," while 1.1% said they could do just about any automotive DIY job. ■

GRAINBELT CENTRAL: DIYERS & THEIR VEHICLES

With a quarter of the DIYers owning Chevrolets, the grainbelt of America is also the heartbeat of America. Here's a list of the most popular makes and the percentage of DIYers who own them.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

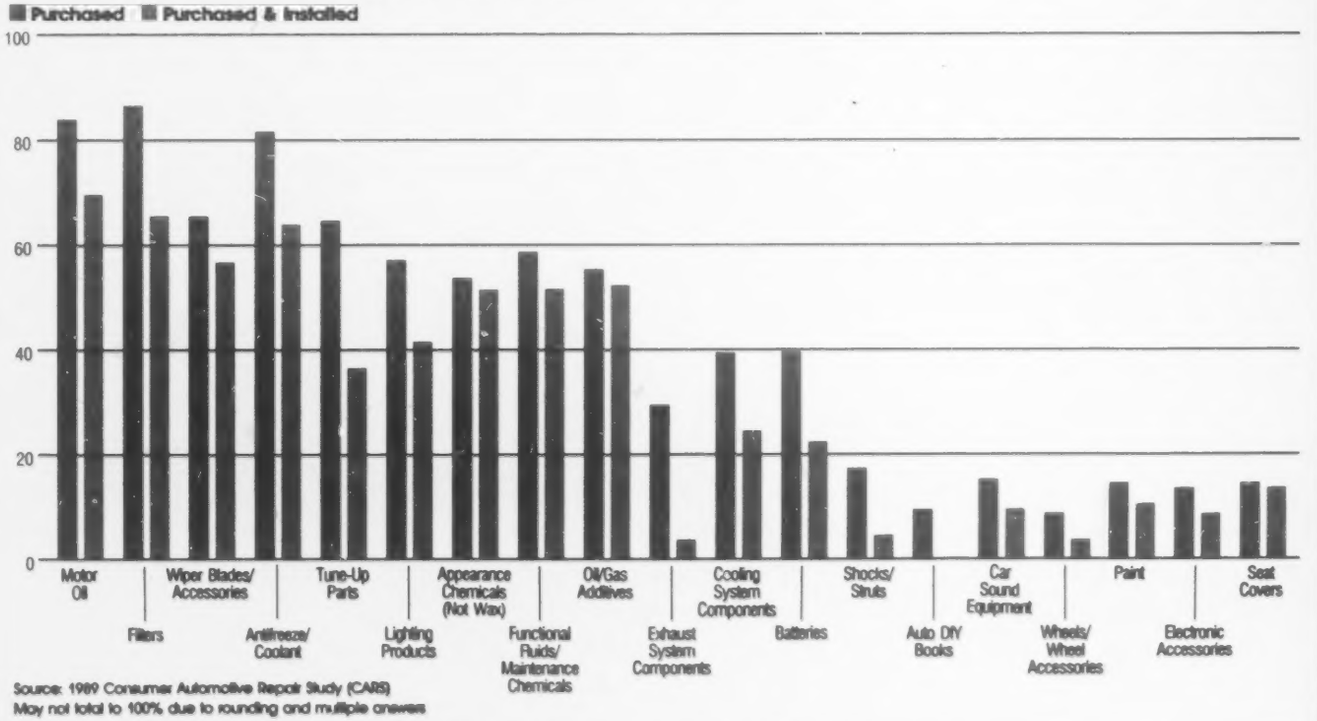
GRAINBELT CENTRAL: SHOPPING FREQUENCIES

Of Grainbelt Central DIYers, almost 20% of them shop for automotive products five or six times a year. Here are the three major shopping frequencies.

Source: 1989 Consumer Automotive Repair Study (CARS)
Does not total to 100% due to omitted responses

GRAINBELT CENTRAL: DIYERS & AUTOMOTIVE PRODUCTS

The easier the product is to install, the more DIYers do-it-themselves.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

COMPUTERS & THE AFTERMARKET

We've discussed many uses for computerized operations systems. But just what are aftermarket retailers doing about them?

by P.R.N. Katcher, Research Editor

Not only have aftermarket retailers been talking about computerizing their operations, they've been doing so. The use of computers by aftermarket retailers has grown steadily in the latter half of the 1980s.

In June 1987, *Automotive Marketing* published the results of a survey of aftermarket retailers that found that 70% had installed computers in their businesses. This year, we went back to aftermarket retailers and found that 77% had installed computers to help them with one aspect or another of their businesses.

When we separated volume retailers, defined as those doing 50% or more of their business across the counters to DIYers, from jobber/retailers, we found, to our surprise, that 79.1% of jobber/retailers had computerized at least some functions, compared to only 74.1% of volume retailers.

Joy In Computerville

Generally, users seem happy with their computerized systems. In all, 43.2% said their computers have worked out better than expected. However, retailers seem more pleased with their computerized systems than jobber/retailers. Of retailers, 46.5% said their computers worked better than expected, while only 38.7% of jobber/retailers said so.

Those who felt that their computerized operations systems performed better than expected had a number of different reasons. Thomas M. Ingram, president, Ingram Auto Parts Inc., Winston-Salem, NC, said his system "paid for itself through the reduction of inventory the very first year."

Marvin L. Harris, president, Windsor Auto Parts Inc., Windsor, CO, said he found an advantage with computerized, standardized bookkeeping and easy-to-read reports. "Our customers can read their statements easier. We had an audit and our daily and monthly reports helped a lot in satisfying the auditor."

Most other computer users with whom we spoke felt their systems' real benefits lay in inventory control, forecasting, price changes and control, and quick, useful management information.

About 42% of all retailers, both retailers and jobber/retailers, found their computers performed just about exactly as they expected they would, no better, no worse.

Is Everybody Happy?

That is not to say that everyone is delighted with the computer system they finally installed. Industry wide, some 15% of retailers feel their computer systems haven't performed as well as expected. In all, jobber/retailers seem to be more dissatisfied with their computer systems, with 19.4% reporting that that was the case. Of volume retailers, only 11.6% feel their computer systems haven't performed up to expectations.

Among those who haven't been overwhelmed by their computer systems operations, Ray Downing, president, Ray's Auto Supply, Seneca, KS, said his system "was not designed for this business. Generic software just doesn't do everything you would like it to do."

John Davidson, president, Family Tire Center Inc., Marion, OH, said his "original system did not have enough capacity. We had to clear customer vehicle history files earlier than desired to maintain basic operations." To cure this problem, Davidson reported, "We are upgrading to a 70 megabyte system in 1989."

Other users mentioned other problems. Training was Harris' major concern. "It may be available," he said, "but most people can't take the time for structured training. Area meetings with other computerized store owners would help in an exchange of ideas on what each does on a daily basis." Another retailer told us that when computers fail "employees cannot function. They rely too much" on computers. Others mention reliable inventory control, equipment updates, programming errors, updates, system security, and cost as computer system problems.

What They're Doing With Computers

Generally, volume retailers tend to get a bit more out of their computers than do jobber/retailers. The average retailer gets five major functions from his computer, while the average jobber/retailer gets only four.

The vast majority of those who sell retail in the aftermarket, and use computers, depend on them for inventory control. In all, 88.7% of those we surveyed said inventory control was one of their major computer functions. Inventory control use was slightly higher with retailers, at 92.3%, compared to 84.4% of jobber/retailers doing inventory control with computers.

About three quarters of all computerized retailers, both pure retailers and jobber/retailers, in the aftermarket do at least some automatic ordering with their computers. However, jobber/retailers do more billing via computer than volume retailers (78.1% of jobber/retailers vs

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56.4% of retailers); something that's not surprising considering the actual amount of billing volume retailers do.

How about all those buzzword phrases that those in the computer industry are fond of tossing around? Phrases like LANS (Local Area Network Systems), EFT (Electronic Fund Transfer), and EDI (Electronic Date Interchange)? Are they being implemented in the aftermarket?

The basic answer is no. These functions just haven't reached the aftermarket in any big way yet. Of the retailers and jobber/retailers we spoke with, only 2.8% use EFT, another 2.8% use EDI, and only 1.4% have a LANS. All of the retailer that were, however, into buzzword systems like these were volume retailers rather than jobber/retailers.

POS, UPC Use Grows

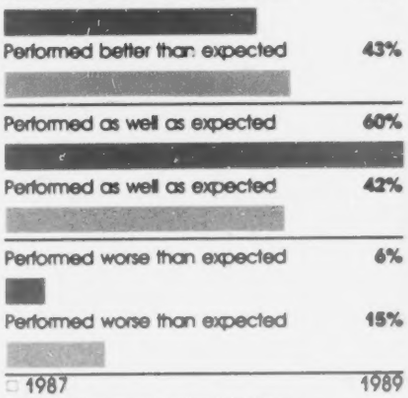
In 1987, 40% of those we surveyed used a point-of-sale (POS) system in their stores. Today, the number of POS system users among all retailers and jobber/retailers has climbed to 45.6%. Of computerized retailers and jobber/retailers, 85.5% have POS systems in their stores. In all, 88.2% of computerized retailers have POS systems, while 81% of jobber/retailers use such systems.

This year, too, we asked computerized aftermarket retailers about their use of bar codes in any of their operations, from distribution centers to selling floors. In all, 26.8% use bar codes in some aspect of their operations, some in the distribution centers only and some throughout their stores. When it comes to bar codes, retailers are far ahead of jobber/retailers in their acceptance of this technology. In all, 38.2% of retailers use bar codes, while only 9.1% of jobber/retailers use bar codes.

There has been some industry-wide debate about which bar code system is best. As yet, there are no national aftermarket standards on bar codes. Instead, a number of systems have been developed and accepted as standard by different companies and associations. However, users seem to have developed their own standards. Every retailer or jobber/retailer with whom we spoke who uses bar codes used the UPC (Universal Product Code) system, rather than systems like Code 39 (also called 3 of 9).

HOW COMPUTERS PERFORM FOR AFTERMARKET RETAILERS

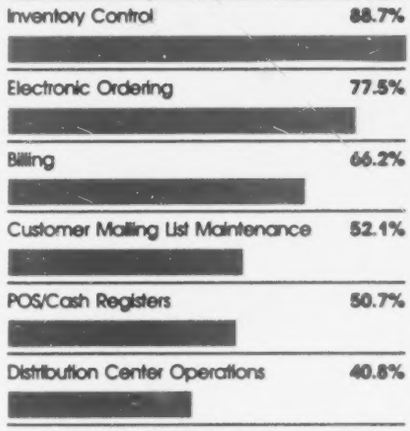
In 1987, and again in 1989, we asked retailers who had computerized how their systems performed for them.



Source: *Automotive Marketing* Retail Panel

WHAT THEY DO WITH THEIR COMPUTER SYSTEMS

This year, we asked retailers who had computerized what tasks they used their computers for. Here's what they told us:



Source: *Automotive Marketing* Retail Panel

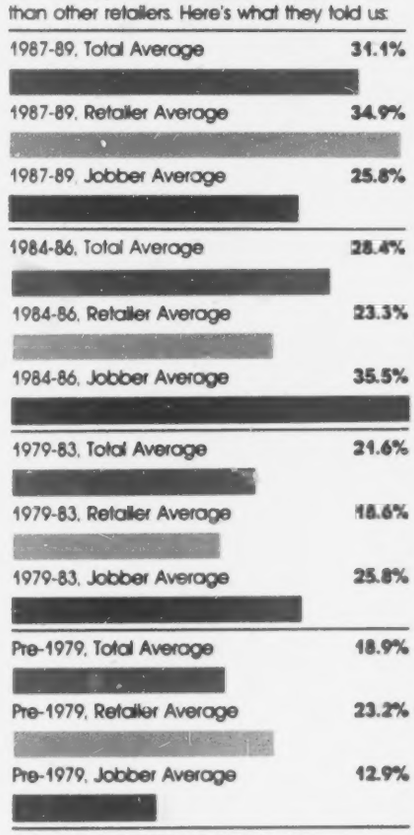
What Hardware Is Used?

There have been hardware changes, too. In 1987, we found that 17 different hardware brands were used by various aftermarket retailers. We also found that 37% used Triad systems, the most popular, while IBM trailed along at 13%.

Today, things are more complicated. In all, 25 different hardware brands were mentioned by auto parts stores. Of them, IBM was mentioned the most, with 24.3% of all surveyed using "Big Blue" equipment, while 21.8% use Triad systems. Interestingly, when we separated volume retailers from jobber/retailers, we found that 31.8% of volume retailers used IBM equipment while only 13.6% used Triad

WHEN THEY INSTALLED THEIR COMPUTER SYSTEMS

We asked retailers and jobber/retailers who had computerized when they first installed their systems. Generally, jobber/retailers have had more years of computer experience than other retailers. Here's what they told us:



Source: *Automotive Marketing* Retail Panel

equipment, which many volume retailers consider to be a traditional market system. The opposite was true when we looked at jobber/retailers. Of them, 32.4% used Triad systems, while 14.7% used IBM equipment.

Other big-name hardware used by the retailers we surveyed include Texas Instruments and Data General (used mostly by NAPA jobber/retailers), with 9% shares each. Digital Equipment, SASI, and NCR systems were used by 4.5% each of all volume retailers, although none of the jobber/retailers with whom we spoke used these companies' systems.

In all, the use of computers to guide retail aftermarket operations continues to grow in number of installations and tasks. ■